

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 335 - HB 297**

February 14, 2011

**SUMMARY OF BILL:** Creates the Tennessee Medication Therapy Monitoring and Management Act to authorize a pharmacist to determine that a drug interchange is acceptable, provided that the prescriber is notified of the interchange. The prescriber must write "Notify of Interchange" on all written or faxed prescriptions or enter the notation in the comments section of any electronic prescription order. Prescriber notification may be made verbally, by fax or electronically and is in force only during the time period that the prescription order is valid. Requires notification to the patient or patient's representative at the time of dispensing. This bill does not apply to prescriptions written for inpatients or outpatients of a hospital where the authorized provider writes the order into the hospital medical record, or residents of a nursing home, assisted care living facility, mental health hospital or residential facility, or any individual incarcerated in a local, state, or federal correctional facility.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$1,333,600/General Fund  
Not Significant/Board of Pharmacy**

**Increase Federal Expenditures - \$2,615,900**

**Assumptions:**

- Under current law, a pharmacist is authorized to perform a drug interchange of anti-epileptic drugs, provided that the prescriber, patient, patient's family member, other relative, a close personal friend, or any other person identified by the patient is notified of the exchange prior to dispensing.
- According to the Bureau of TennCare, there has been a 29.4 percent increase in the use of anti-convulsant brands in the multi-source brand class since the current notification requirement prior to interchanging an anti-epileptic drug went into effect.
- The number of multi-source prescriptions filled in calendar year 2009 was 110,566. Approximately 90 percent, or 99,509 (110,566 x 90%), are non anti-convulsant brands.
- The Bureau of TennCare estimates a similar increase in the remaining 99,509 drugs will occur and 29.4 percent will not automatically be substituted as a generic version of a brand version, resulting in an increase in brand drugs of 29,256 (99,509 x 29.4%).
- According to the Bureau, the average brand drug cost is approximately \$135 more than the average cost of a generic drug. The increase in expenditures for brand drugs not

being interchanged for generic versions is estimated to exceed \$3,949,560 (29,256 x \$135).

- Of the \$3,949,560, \$1,333,648 will be state funds at a 33.767 percent rate and \$2,615,912 will be federal funds at a 66.233 percent match rate.
- Rulemaking and any resulting disciplinary action against any pharmacist who violates the provisions of this bill can be accomplished during regularly scheduled Board of Pharmacy meetings and will not result in a significant increase in expenditures.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all health-related boards are required to be self-supporting over a two-year period. The Board had a balance of \$74,641.74 in FY09-10 and a deficit of \$59,776.49 in FY08-09. As of June 30, 2010, the Board's cumulative balance was \$276,649.24.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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